BRITISH COLUMBIA
The Best Place on Earth

BCStats

Infoline

Contact: bcstats.infoline@gov.bc.ca Issue: 10-38 September 24th, 2010

- **Inflation rate stands at 1.5% in August as energy and food prices climb**
- **Retail sales slip again in July; sales by wholesalers inch up just 0.1%**
- **Visitor entries rise 1.7% in July as more Americans visit BC**

Prices

- **Compared to the same month last year, consumer prices in British Columbia climbed 1.5% in August.** This rise, although slowed from the previous month (+2.0% in July), was partly the result of sizeable increases in prices for energy (+6.4%) and food (+1.9%) products. Excluding energy and food, the Consumer Price Index (CPI) climbed 0.9% between August 2009 and August 2010.

  The rising cost of restaurant meals (+6.7%) was the main driver of the increase in food bills in BC. On the other hand, purchasing prices for groceries were down slightly (-0.6%) from August of last year. Prices for fruit (-3.0%), meat (-2.5%) and dairy products (-1.5%) were all lower, while fresh vegetables (+0.9%) and seafood (+0.3%) cost slightly more.

  Shelter prices (+1.8%) increased for a fifth straight month, with significant climbs in utilities (+6.7%), particularly fuel oil (+21.3%). Home & mortgage insurance costs, however, saw a double-digit decline (-11.8%). Prices for household operations & furnishings were up moderately (+1.7%), while furniture costs continued to decrease (-1.7%). Prices for clothing & footwear (-2.5%) were also down in August.

  Largely driven by a rise in gasoline prices (+6.5%), transportation costs climbed 2.4% last month. Also contributing to the increase in transportation was a rise in the cost of purchasing an automobile (+1.4%). Conversely, prices for public (-0.3%) and intercity (-2.6%) transportation were lower than in August of last year.

  Prices for health & personal care (+2.8%) increased moderately over last year's level, as did alcohol & tobacco products (+3.1%). Compared to the provincial average, price increases were less in Victoria (+1.2%), but higher in Vancouver (+1.8%). *Data Source: Statistics Canada*

- **Year-over-year, the price level in Canada climbed 1.7% in August, due to a rise in seven of the eight major CPI components.** Clothing & footwear was the only component where prices declined, while costs were up most notably for shelter and health & personal care. Prices increased in every province, with Ontario (+2.9%) and Newfoundland (+2.4%) experiencing the greatest inflation.

  Data Source: Statistics Canada

The Economy

- **Sales by retailers in the province were off for the second straight month in July, slipping 0.4% (*seasonally adjusted*) to $4.8 billion.** Sales were also down in Ontario (-0.3%) and Nova Scotia (-5.3%). Every other province saw increases, most markedly in Manitoba (+1.6%).

  Nationally, retailers saw sales edge down (-0.1%) as decreased sales at pharmacies (-1.1%), building & outdoor home supplies (-2.3%), electronic merchandisers (-4.9%), and furniture stores (-8.4%) offset strength in other major industry groups, including the automotive sector (+1.0%), clothing stores (+0.9%) and gasoline stations (+0.7%). *Data Source: Statistics Canada*

- **Wholesalers in Britisn Columbia saw revenues inch up (+0.1%) to nearly $4.0 billion (*seasonally adjusted*) in July. Meanwhile,** Canadian wholesale activity mirrored that in BC, slipping 0.1% (to $43.9 billion). A 3.2% decline

Report **Tourism Slumps in 2009**

Did you know...

An estimated 60% of Canadian adults are overweight and roughly one in four (24%) are obese. *Source: Organization for Economic Co-operation and Development*

in the automotive sector was only partly offset by gains made by wholesale suppliers of food (+2.7%) and machinery & equipment (+1.0%). PEI (-3.5%) posted the most notable decline, while Saskatchewan (+4.2%) showed comparative strength in July. *Data Source: Statistics Canada*

- **The number of recipients of regular employment insurance (EI) benefits in British Columbia fell slightly (-0.8%, *seasonally adjusted*) in July.** This recent drop added to a cumulative decrease, such that, on a year-over-year basis, the number of people receiving regular benefits in BC remains substantially lower (-12.6% or 11,780 fewer recipients) than in July 2009.

  Nationally, the number dropped 4.5% between June and July, as all but one province reported declines as Newfoundland & Labrador (+2.4%) bucked the trend. *Data Source: Statistics Canada*

Travel

- **Visitor entries into Canada via BC moved ahead (+1.7%, seasonally adjusted) in July as more Americans (+2.2%) entered the province.** Both same-day (+2.3%) and overnight (+2.2%) visits rose.

  Visits from overseas inched ahead (+0.1%) as entries from Europe (+1.9%) and other international destinations (+3.4%) improved for the first time in four months. However, this was almost entirely offset by a drop in visits from Asia (-2.6%).

  The number of Canadians returning home via BC from the US increased (+1.9%) in July. Entries by residents returning from other international destinations, however, declined (-1.5%) for a second month.

  Visitor entries to the entire country also rose (+1.6%), mainly due to an increase in the number of US residents venturing north (+2.3%). Ontario (+3.1%) saw the largest rise in visitor entries. *Data Source: Statistics Canada & BC Stats*

- **In the peak summer month of August, Vancouver International Airport (YVR) was the second-busiest airport in the country, after Toronto's Pearson Airport.** Precisely 29,406 aircraft took off or landed in Vancouver, compared to 38,191 in Toronto. The third-busiest airport was Calgary International, with 20,729 aircraft arrivals and departures. The 41 largest Canadian airports (with NAV CANADA air traffic control towers) reported 429,812 aircraft take-offs and landings in August, down 0.8% from August of last year. Interestingly, YVR's busiest day in August was recorded on Friday the 13th, when over 1,000 aircraft took off or landed at the airport. ***Data Source: Transport Canada***

- **As fuel prices continue to fluctuate, Canadians are taking more trips on urban transit systems.** In July, combined ridership on the country's ten largest urban transit systems (accounting for 80% of total urban transit in Canada) was higher (+3.4%) than in the same month last year. Approximately 112 million passenger trips were taken on these systems, generating $212 million in revenue, a notable increase (+8.2%) over July of 2009.

  Data Source: Statistics Canada

The Nation

- **Canada's composite index of leading indicators rose 0.5% in August.** The housing index plummeted 4.0%, pulled down by weakness in housing starts. Total spending on furniture & appliances was also off (-0.4%), reflecting the effect of a continued downturn in sales of existing homes. On the other hand, spending on other durable goods rebounded considerably (+1.0%), following five months of declines. New orders on durable goods continued to climb, expanding 5.2% in August. The stock price index, however, slipped 0.2%.

  The leading indicator for the United States rose for a second consecutive month, up 1.0% in August. *Data Source: Statistics Canada*

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For data originating from Statistics Canada, data sourced to 'Statistics Canada' has been retrieved from CANSIM, the agency's electronic database; otherwise the source is identified as 'SC' plus the catalogue number.

Infoline Report

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originally published in:
Tourism Sector Monitor, Issue:10-08

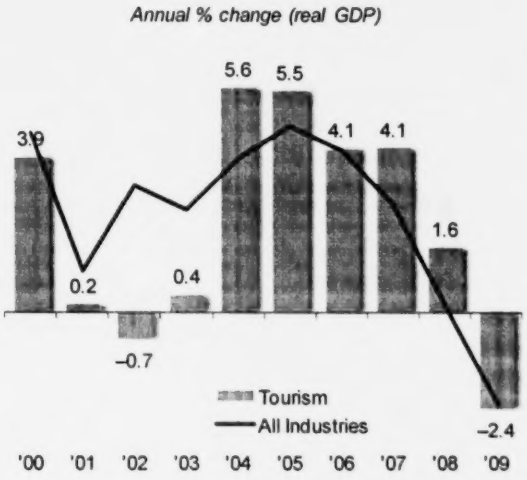
Tourism Slumps in 2009

Overview

Contributing more than $6.3 billion (about 4%) to British Columbia's real gross domestic product (GDP)[1] in 2009, the tourism sector plays a pivotal role in the provincial economy[2]. It is also an important source of employment, providing jobs for nearly 129,000 British Columbians—roughly one out of every fourteen workers[3].

Tourism in BC contracted sharply (-2.4%) in 2009, the largest single-year decline recorded since 1997, the first year for which data are available. This decline was similar to the 2.3% drop registered for the economy as a whole. However, in recent years, tourism outperformed the provincial economy. Between 2004 and 2007, GDP related to tourism expanded at an average annual rate of 4.6%. Even during the start of the recession in late 2008, its GDP maintained a positive, albeit much slower, level of growth at 1.6%.

In 2009, recession reached the tourism sector as its GDP shrank for the first time since 2002



Data Sources: BC Stats & Statistics Canada

By 2009, however, recessionary conditions would eventually creep into nearly every facet of the economy with GDP for most tourism-related industries retreating compared to the previous year. This would mark the first annual contraction in tourism GDP registered since 2002.

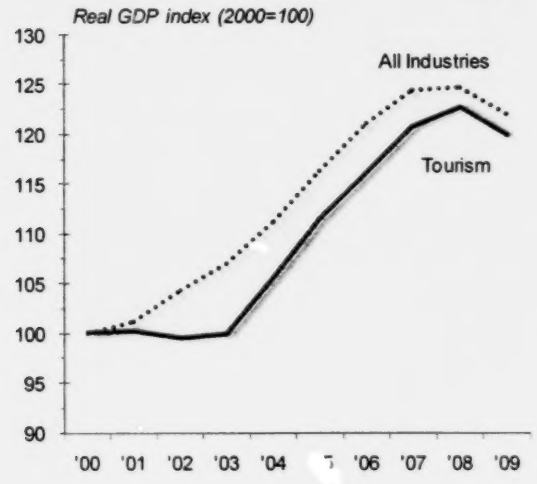
Tourism-related transportation services suffered the most significant decline, falling 3.6% in 2009, wiping out gains made a year earlier. This decline was mainly due to a contraction of activity in air travel and among travel agents and tour operators. Also hard-hit was accommodation & food services (-3.0%) with hotels and full-service restaurants bearing the brunt of the downturn. Retail activity experienced a 2.4% drop, largely driven by slowdowns registered at gasoline stations and food retailers. Bucking the trend, other services (including amusement, recreation, vehicle rental and others) saw a modest gain in GDP (+1.3%).

[1] GDP estimates in this report are derived from data released by Statistics Canada in April 2010. A description of the methodology used to calculate GDP, employment and other tourism indicators is available in a document entitled, Measuring the Size of British Columbia's Tourism Sector at http://www.bcstats.gov.bc.ca.

[2] BC Stats' tourism sector statistics program is supported and partly funded by Tourism BC. The data presented in this report was produced in partnership with Tourism BC.

[3] The employment figures present in this article are calculated using information from Statistics Canada's Survey of Employment, Payrolls and Hours (SEPH). To ensure consistency when making comparison, the all-industry employment total from SEPH is used in this document, rather than the more widely recognized employment figure from the Labour Force Survey (LFS).

The impact of the recession may take years to fully understand as tourism typically recovers more slowly from economic downturns



Data Sources: BC Stats & Statistics Canada

Tourism sector performance is dampened by ongoing economic uncertainty

Tourism-related expenditures are typically discretionary with the choice to travel or not subject to concerns about current or potential economic and social conditions at home and abroad. Moreover, spending on tourism-related services has risen in recent years. This is evident during the period from 2004 to 2007, when the North American economy appeared robust. Tourism revenues were building steadily, employment growth was strong and the number of visitors from overseas, particularly from the United Kingdom and China, was rising. However, a wavering economy makes for a wary consumer, a situation apparent given the economic quagmire that had developed and, to a large degree, exists even today.

Tourists also consider non-financial matters when choosing whether or not to travel. Concerns about security (as was the case following the 9/11 terrorist attacks), health (SARS in 2003 and H1N1 in 2009) and inconvenient administrative obligations (visa and/or passport requirements for international travel) all weigh heavily during the decision-making process. Conversely, the desire to attend an international event, such as the Winter Olympic Games earlier this year may encourage tourism-related spending, even if only briefly. While the current economic situation is a marked improvement on conditions observed in 2009, uncertainty about the future remains.

A note on GDP

GDP is a measure of the value added to the economy by a particular activity. It is calculated by subtracting the cost of supplies and services used to produce a good or service from total revenues. For example, the price of a restaurant meal covers the cost of food purchased to make the meal, the energy used to cook it, rent and other building expenses, cleaning supplies, accountant's fees, and so on. It also includes a mark-up intended to cover items such as wages, profits and depreciation. Although the restaurant uses food, energy and other inputs, its contribution to GDP is only the value added to the economy by the service it provided—the difference between the price paid by the consumer and the cost of inputs used by the restaurant.

The GDP figures reported in this article are reported in constant (2002) dollars. This means that they have been adjusted to eliminate the effects of price changes over time. They are measured at basic prices: i.e., they exclude taxes on products (net of subsidies).

Are tourism sector estimates comparable to data for other industries?

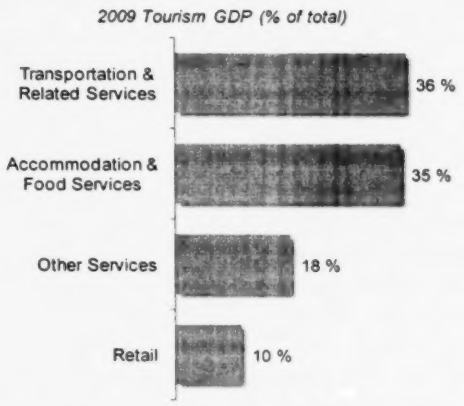
Yes, as long as care is taken to ensure that GDP or jobs are not double counted. Since the tourism statistics are calculated by apportioning a share of total GDP or employment in each industry to the tourism sector, the tourism-related component must be subtracted from total GDP or employment in the relevant industries before making any comparisons.

Key tourism activities

There are a large number of services used by tourists travelling to BC, including transportation, accommodation & food, travel agents, tour operators, retailing, cultural services and vehicle rentals.

In 2009, nearly three-quarters of tourism economic activity was accounted for by accommodation & food (35%) and transportation & related (36%) services, each contributing an almost equal share to total tourism GDP. Another ten percent originated in retail activities, with the remaining share (18%) being made up from various other industries.

Accommodation & food and transportation services generate nearly three-quarters of tourism GDP



Data Source: BC Stats

Air and water transportation, along with related services (such as the operation of airports, harbours and so on) are the largest industries within the transportation category, which also includes bus, taxi and rail services.

Accommodation & food services, as the name suggests, is made up of activities at hotels, motels and various other accommodation types as well as full-service, limited service (i.e., fast food, coffee shops, etc.) and other types of eating and/or drinking places.

On the retailing side, souvenirs, gifts, books and luggage stores, for example, all sell items purchased by tourists. Therefore, some, but not all, of the business conducted at these types of retailers fall under the tourism umbrella. Other key activities include food, drug, gas and RV sales, as well as general merchandise and clothing retailers.

All other activities related to tourism are collected under the category of "other tourism-related services." These services include vehicle rental agencies, performing arts, spectator sports, and a variety of other industries that provide goods and services to tourists either directly or indirectly.

Long-term growth in the tourism sector strongest in retailing and other services

In the decade from 2000 to 2009, tourism-related GDP has risen by roughly one-fifth (+19.8%), slightly less than the economy as a whole (+21.8%) over the same period. Taking a closer look at the contributing industries, however, reveals a great deal of variation in performance.

The largest increases recorded over the past ten years are found in the sector's smaller contributors. Since 2000, tourism-related retailing activity has advanced nearly one-third (+32.7%), expanding at a sharp pace between 2004 and 2007 before slowing in both 2008 and 2009. Similarly, other tourism-related services registered a jump of almost one-third (+31.6%) with year over year growth occurring in each of the last ten years.

Between 2000 and 2003, GDP growth in accommodation & food services was largely non-existent. However, notwithstanding the 2009 decline, the industry has been progressing on an upward trend and expanded 16.1% over the past decade.

Out of the four main tourism components, GDP for transportation and related services set the slowest pace between 2000 and 2009, advancing just 14.8% during that time. Much of that can be explained by a rough first-half of the decade. Between 2000 and 2004, GDP for transportation services contracted by 5.0%. However, from 2005 to 2008, the industry recovered somewhat before the downturn in the economy put the brakes on any further expansion in 2009.

Tourism industry revenues drop to $12.7 billion in 2009

In 2009, revenues generated through tourism fell sharply (-5.8%) to $12.7 billion. Each of the key contributing industries saw revenues retreat compared to the previous year. The biggest year-over-year decline was posted by retailers (-6.6%), driven in large part by sagging sales at gasoline stations, through lower fuel prices. Accommodation & food services (-6.5%) also saw revenues shrink in 2009 with much of the slowdown in that industry coming as a result of weaker receipts at the province's hotels. Due to a significant decline in performance by air transportation providers, revenues from transportation services fell 5.7%, while revenues for other tourism services remained largely unchanged.

Tourism employs 128,600[4]

Employment in the tourism sector was estimated at 128,600 in 2009, down 2.1% from the number of people employed in the previous year. Job losses were primarily located in the accommodation & food services industry (-3.2%) where roughly 2,100 fewer people were employed. Most key areas reported shrinking workforces. However, tourism employment has fared at least somewhat better compared to the economy as a whole, which saw a 2.3% decline in 2009.

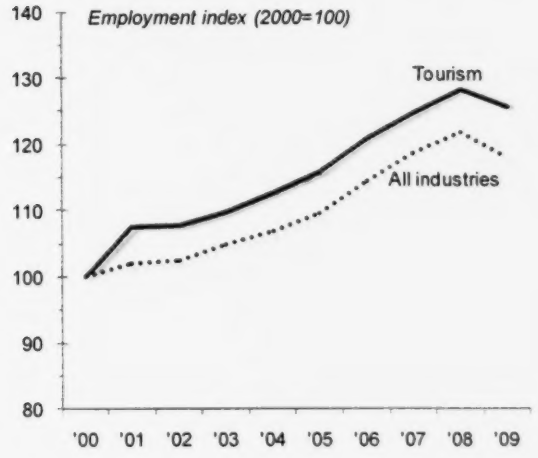
What is direct tourism employment?

Direct tourism employment is a measure of the number of people working in various industries that serve tourists. It includes workers in industries ranging from accommodation & food services to retailing and transportation.

Estimates of direct tourism employment are generated by assigning a percentage of total employment in various industries to the tourism sector. These percentages are calculated by BC Stats based on information from various sources.

[4] This employment figure excludes the self-employed. Self-employment is a significant factor in the tourism sector (in in the province as a whole). Information from the LFS (a survey of households which include the self-employed) suggests that the actual figure may be about 3% higher than what the SEPH suggests.

Growth in tourism employment remains ahead of the provincial average over the past decade



Data Sources: BC Stats & Statistics Canada

Nearly half (49%) of all workers in BC's tourism sector in 2009 were employed in the accommodation & food services industry. Another quarter (26%) of the jobs was provided by transportation. Retail (14%) and other services (11%) provided the jobs to the remaining members of the industry's workforce.

Tourism workers earned $4.7 billion in 2009

Even though tourism employment shrank, a 2.9% increase in average weekly earnings saw wages & salaries inch ahead (+0.7%) as workers in the tourism sector brought home $4.7 billion. Both retail (+3.4%) and other services (+5.5%) posted comparatively sharp increases in total wages & salaries. Workers in transportation services (+1.1%) saw a more modest rise in pay. However, nearly all of these increases were offset by a decline in earnings in the accommodation & food services industry where the wage bill shrank 2.0%.

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Tourism sector indicators

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenue ($ million)	9,339	9,582	9,720	9,799	10,717	11,465	12,205	12,957	13,484	12,706
% change	*8.7*	*2.6*	*1.4*	*0.8*	*9.4*	*7.0*	*6.5*	*6.2*	*4.1*	*-5.8*
GDP ($ million)	5,048	5,191	5,238	5,233	5,668	6,132	6,587	7,013	7,278	6,995
% change	*5.0*	*2.8*	*0.9*	*-0.1*	*8.3*	*8.2*	*7.4*	*6.5*	*3.8*	*-3.9*
Real GDP ($2002 million)	5,263	5,273	5,238	5,261	5,557	5,864	6,105	6,356	6,459	6,304
% change	*3.9*	*0.2*	*-0.7*	*0.4*	*5.6*	*5.5*	*4.1*	*4.1*	*1.6*	*-2.4*
Implicit price index (2002 = 100)	95.8	98.4	100.0	99.4	102.0	104.6	107.9	110.3	112.7	111.0
% change	*1.2*	*2.7*	*1.6*	*-0.6*	*2.6*	*2.5*	*3.2*	*2.2*	*2.2*	*-1.5*
Employment, SEPH ('000)	102.4	109.9	110.1	112.2	115.3	118.4	123.6	127.5	131.4	128.6
% change	*0.5*	*7.3*	*0.2*	*1.9*	*2.8*	*2.7*	*4.4*	*3.2*	*3.1*	*-2.1*
Wages & salaries ($ million)	3,186	3,354	3,330	3,371	3,583	3,805	4,129	4,353	4,663	4,696
% change	*3.1*	*5.3*	*-0.7*	*1.2*	*6.3*	*6.2*	*8.5*	*5.4*	*7.1*	*0.7*
Consumption taxes ($ million)	849	864	936	988	1,047	1,088	1,090	1,095	1,018	981
% change	*7.3*	*1.8*	*8.3*	*5.6*	*6.0*	*3.9*	*0.2*	*0.4*	*-7.0*	*-3.7*

Infoline

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BC at a glance . . .

POPULATION (thousands)	Apr 1/2010	% change on one year ago
BC	4,510.9	1.6
Canada	34,019.0	1.2
GDP and INCOME (Revised Nov 9)		
(BC - at market prices)	2008	% change on one year ago
Gross Domestic Product (GDP) *($ millions)*	197,931	3.3
GDP *($ 2002 millions)*	164,520	0.0
GDP *($ 2002 per Capita) (reflects revised pop)*	37,529	-1.7
Personal Disposable Income *($ 2002 per Capita)*	25,931	3.2
TRADE ($ millions, seasonally adjusted)		% change on prev. month
Manufacturing Shipments - Jul 2010	3,003	-2.9
Merchandise Exports - Jul 2010	2,386	-4.8
Retail Sales - Jul 2010	4,786	-0.4
CONSUMER PRICE INDEX	% change on	12-month avg
(all items - Aug 2010)	one year ago	% change
BC	1.5	0.6
Vancouver	1.8	0.9
Victoria	1.2	0.3
Canada	1.7	1.2
LABOUR FORCE (thousands)		% change on
(seasonally adjusted)	Aug 2010	prev. month
Jobs Created (Lost) - BC NEW!	5.4	
Labour Force - BC	2,502.1	0.0
Employed - BC	2,320.6	0.2
Unemployed - BC	181.5	-3.4
		Jul 2010
Unemployment Rate - BC *(percent)*	7.3	7.5
Unemployment Rate - Canada *(percent)*	8.1	8.0
INTEREST RATES (percent)	Sep 22/2010	Sep 23/2009
Prime Business Rate	3.00	2.25
Conventional Mortgages - 1 year	3.30	3.70
- 5 year	5.39	5.49
US-CANADA EXCHANGE RATE	Sep 22/2010	Sep 23/2009
(avg. noon spot rate) Cdn $ per US $	1.0327	1.0724
(closing rate) US $ per Cdn $	0.9711	0.9301
AVERAGE WEEKLY WAGE RATE		% change on
(industrial aggregate - dollars)	Aug 2010	one year ago
BC	836.22	3.7
Canada	826.47	2.3

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

For latest Weekly Financial Statistics see www.bankofcanada.ca

Open Data extends to Community Facts

Our popular Community Facts series is now available as both PDF and XLS. This is the latest instalment in our project to revisit our archive of about12,000 PDF files and produce matching open format versions. In addition to Community Facts, our entire 1986 to 2006 Census collections are now available in both PDF and XLS. Look for continued progress over the next few weeks.

www.bcstats.gov.bc.ca/data/dd/facsheet/facsheet.asp

Labour Force Participation Rate Projections

The model uses an entry-exit rate methodology to project age/sex-specific participation rates by age cohort—i.e., people of the same generation—for the period 2010–2036. This approach, which was pioneered by the Organization for Economic Co-operation and Development, takes into account the wide differences in participation among cohorts and generates projections that are more plausible than the alternative age group extrapolation approach.

www.bcstats.gov.bc.ca/data/lss/labour.asp#pubs

PEOPLE 35 Pop Projection Highlights

PEOPLE 35 (Population Extrapolation for Organizational Planning with Less Error) population projections are now available. This latest population projection covers the period 2010 to 2036, with information available for numerous provincial geographies including Local Health Area, Health Service Delivery Area, Health Authority, School District, College Region, Regional District and Development Region. Access the release article 2036 BC, which provides some PEOPLE35 highlights, or view projection details on our website (total population) or through the webstore (details age/sex projection packages).

www.bcstats.gov.bc.ca/data/pop/pop/popproj.asp

Released this week by BC Stats

- Consumer Price Index, August 2010

Next week

- Business Indicators, September 2010
- Population Highlights, 2nd Quarter
- Quarterly Regional Statistics, 2nd Quarter 2010

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